



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt a resolution authorizing the City Manager to execute an Amended and Restated Project Agreement No. 5 for the Participation in the WestTrans Open Access Same Time Information System (OASIS) (EUD)

MEETING DATE: June 21, 2006

PREPARED BY: Electric Utility Director

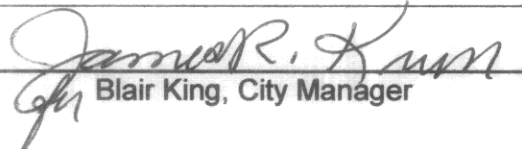
RECOMMENDED ACTION: That the City Council adopt a resolution authorizing the City Manager to execute an Amended and Restated Project Agreement No. 5 (PA 5) for the Participation in the WestTrans OASIS effective May 1, 2006.

BACKGROUND INFORMATION: TANC and certain of its members (participating members), including Lodi, entered into PA 5 on August 23, 2004 for the implementation of an OASIS for transmission service offered pursuant to the TANC Open Access Transmission Tariff. TANC implemented the OASIS on December 1, 2005 by becoming a member of the WestTrans OASIS, a voluntary coalition of transmission providing entities in the Western Interconnection. TANC began offering transmission on the WestTrans OASIS on January 1, 2006. The modifications to PA 5 include minor, "clean-up" changes and a change to the formula by which transmission sales revenues are allocated to participating members under certain situations as described below.

PA 5 defines how revenues received from the sale of transmission on the OASIS are to be allocated among participating members. Based on several months of operating experience with the OASIS, TANC has identified a need to amend the revenue allocation provision in PA 5 to address situations in which a participating member purchases transmission from the OASIS that the participating member had earlier offered, a situation that may be described as a "buy-back" of offered transmission. The current allocation provision in PA 5 would allocate revenues received from all transmission sales on the OASIS, which would include buy-backs, to all participating members that had posted transmission offers coterminous with the sale. The amended PA 5 modifies the allocation in cases of transmission buy-backs so that revenues received in such a situation would be first allocated to the participating member that purchased the transmission. In effect, the participating member would first pay itself for the transmission buy-back rather than splitting the revenues with other participating members. Revenues received from any purchases in excess of what the participating member had offered would be allocated among the other participating members that had made transmission available for the time period corresponding to the sale.

The amended and restated PA 5 has been developed over the past several weeks in consultation with the TANC OASIS Ad Hoc Committee, and on May 8, 2006, the TANC Contracts Committee acted to recommend the proposed modifications for approval by the TANC Commission. On May 17, 2006, the

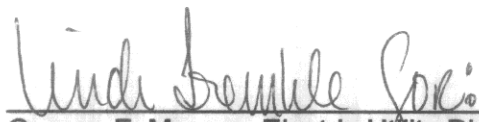
APPROVED:


Blair King, City Manager

TANC Commission approved the amended PA 5. As these changes are unopposed by any TANC Member, it is respectfully requested that the City Council adopt the attached resolution.

FISCAL IMPACT: None

FUNDING AVAILABLE: None


George F. Morrow, Electric Utility Director

PREPARED BY: Sondra Huff, Sr Rate Analyst

GFM/SH/kt
Attachments

**TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
AMENDED AND RESTATED PROJECT AGREEMENT NO. 5
FOR THE PARTICIPATION IN THE WESTTRANS OASIS**

PREAMBLE

This Project Agreement No. 5 ("Agreement") originally entered into as of August 23, 2004, and amended and restated effective as of May 1, 2006, by and among the Transmission Agency of Northern California, hereinafter referred to as "TANC"; and the Cities of Alameda, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Modesto Irrigation District; the Turlock Irrigation District; and the Plumas-Sierra Rural Electric Cooperative, TANC Members hereinafter collectively referred to as the "Participating Members," with regard to the following:

RECITALS

WHEREAS:

A. TANC owns Transfer Capability on the California Oregon Transmission Project that is not under the control of the California Independent System Operator.

B. TANC desires to enhance transmission availability in California by making the Participating Members' unused and unencumbered Transfer Capability available for use by other entities in an open and efficient manner and in accordance with the TANC Open Access Transmission Tariff.

C. On March 31, 2004, a voluntary coalition of transmission providing entities in the Western Interconnection began offering access to their transmission systems on a single OASIS site, known as the westTTrans OASIS. This cooperative effort includes alignment of business practices and processes between all transmission providers to the greatest extent possible, while retaining the individual Open Access

Transmission Tariffs of each transmission provider. A primary benefit of this effort is the enhancement of the transmission market within the Western Interconnection.

D. TANC and its Participating Members have concluded that it is in their interest and the interest of electricity customers in the state for TANC to participate as a Transmission Provider on the westTTrans OASIS. Based on discussions with Open Access Technologies, Inc. the operator of the westTTrans OASIS, TANC has concluded that TANC's designation of a TANC OASIS Administrator will be necessary to facilitate TANC Members' sales of available Transfer Capability on westTTrans OASIS.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth in this Agreement, TANC and the TANC Members that will be Participating Members and have signed below hereby agree as follows:

AGREEMENT

1. SERVICE AGREEMENTS

TANC is hereby authorized and directed to act on behalf of the Participating Members to become a participant in the westTTrans OASIS, including the negotiation and execution of a service agreement with Open Access Technologies, Inc, for TANC's participation in the westTTrans OASIS. TANC is additionally authorized and directed to act on behalf of the Participating Members to designate and execute a service agreement with a TANC OASIS Administrator to facilitate TANC's participation in the westTTrans OASIS.

2. SERVICE INITIATION AND OTHER FEES.

A schedule of service fees that includes an initiation fee and a monthly fee associated with services that Open Access Technologies, Inc. will perform, in order for TANC to participate in the westTTrans OASIS, is included in Exhibit A. Fees associated

with the TANC OASIS Administrator functions shall be set forth in the service agreement between TANC and the TANC OASIS Administrator.

Any fees related to the termination of this Agreement shall be allocated to Participating Members in accordance with the provisions of Section 3.

3. ALLOCATION OF PROJECT COSTS TO PARTICIPATING MEMBERS

All costs and expenses associated with this Agreement and all fees or charges for wesTTrans OASIS and the TANC OASIS Administrator service initiation, and wesTTrans OASIS and the TANC OASIS Administrator monthly service will be allocated to the Participating Members in accordance with their Project Agreement No. 3 Participation Percentages prorated after subtracting the percentages of the TANC Members that do not execute this Agreement. Schedules of fees associated with such services are located in Exhibit A and the service agreement between TANC and the TANC OASIS Administrator. TANC, upon receipt of such invoices from Open Access Technologies, Inc. (OATI), and the TANC OASIS Administrator will allocate such initiation and service costs to Participating Members. The allocation percentage for each Member executing this agreement is shown in Exhibit B, attached to and incorporated into this Agreement.

4. ALLOCATION OF NET REVENUES

For the purposes of this Project Agreement No. 5, the term "Transmission Offer" shall mean a specified whole number of megawatts, that in compliance with the procedures under this Agreement, Project Agreement No. 3, and those applicable provisions of the wesTTrans OASIS, the WesTTrans contract with TANC, the service agreement between TANC and the TANC OASIS Administrator, and the service agreement between TANC and Open Access Technologies, Inc., is released by the Participating Member to TANC to be offered for sale, for a period, as designated by the Participating Member. The time period of any Transmission Offer must coincide with

the time period of the actual sale or sales TANC makes, regardless of any difference between the amount offered and the amount TANC succeeds in selling. The TANC OASIS Administrator shall allocate to each Participating Member the revenue received, net of expenses associated with the Transmission Offer, from sale of Transfer Capability by the TANC OASIS Administrator in proportion to each Participating Member's Transmission Offer. In making such allocation, when more than one Participating Member has made a Transmission Offer, the TANC OASIS Administrator shall allocate to each Participating Member that made a Transmission Offer, the revenue derived by multiplying the total revenue received from the sale or sales coinciding with the time period during which more than one Transmission Offer has been made, by the fraction resulting from the division of each such Participating Member's Transmission Offer by the sum of the Transmission Offers made during the coincident time period of the sale or sales.

Notwithstanding the foregoing paragraph, should a Participating Member (Purchasing Member) purchase transmission through the wesTTrans OASIS site for any period, the revenue from such a purchase shall first be allocated to that Purchasing Member to the extent that the Purchasing Member has made a Transmission Offer for the period. If the transmission purchase is greater than the amount of the Purchasing Member's Transmission Offer, the remaining revenue shall be allocated to the other Participating Members who submitted Transmission Offers in the same time period by multiplying the remaining revenue received from the sale by the fraction resulting from the division of each such Participating Member Transmission Offer by the sum of the Transmission Offers made during the time period of the purchase, excluding the Transmission Offer of the Purchasing Member. For the purpose of allocating revenue from other transmission purchases during the period, the Purchasing Member's Transmission Offer will be reduced by the amount it purchased through the wesTTrans OASIS.

The TANC Commission may modify the allocation of revenue as delineated in the preceding paragraphs by an affirmative vote of the Participating Members representing 65% of the Cost Allocation Percentages as indicated in Exhibit B.

Revenue resulting from the sale of the Participating Members' offered Transfer Capability shall be distributed by the TANC OASIS Administrator to each Participating Member not in default of any obligation to TANC, according to the timelines contained in the service agreement between TANC and the TANC OASIS Administrator. The TANC OASIS Administrator may set off amounts due TANC or the TANC OASIS Administrator from revenues due a Participating Member in default in accordance with Section 9 of this agreement.

5. COORDINATION WITH TANC OASIS ADMINISTRATOR

Participating Members agree to coordinate with the TANC OASIS Administrator to (1) provide information regarding available Transfer Capability, credit policies, and other information as may be reasonably deemed necessary by the TANC OASIS Administrator in the performance of its duties to facilitate TANC's participation on behalf of Participating Members in wesTTrans OASIS, to collect the revenues from transmission customers, and (2) to perform the financial settlements among Participating Members of fees and revenues associated with the participation in the wesTTrans OASIS.

Each Participating Member agrees to provide to the TANC OASIS Administrator the available Transfer Capability it desires to post for sale on the wesTTrans OASIS as a Transmission Offer in accordance with the procedures, timelines, and formats as mutually agreed to by the Participating Members and the TANC OASIS Administrator, as those may be modified from time to time by agreement of the participating members.

6. TERM AND TERMINATION.

This Agreement shall take effect as of the date hereof and shall remain in full force and effect for a minimum of twelve months from the date that TANC initiates service on the wesTTrans OASIS. Following the initial twelve-month period, any Participating Member may terminate its participation in this Agreement upon sixty days written notice to TANC, after which time TANC shall no longer participate on behalf of the terminating Participating Member in the wesTTrans OASIS. The terminating Participating Member shall be obligated to pay its share of all project costs and liabilities pursuant to Section 3 of this Agreement incurred in connection with the provision of services provided up to the date when the Participating Member's termination becomes effective, as well as for contingent liabilities that occurred prior to but may arise after the date of termination, regardless of when the fees are assessed to TANC or the contingency is liquidated, and in accordance with the Participation Percentages shown in Exhibit B if fixed in nature, or the Schedule of Service Fees, if variable. The terminating Participating Member not in default shall be entitled to its share of all transmission revenues derived from TANC's sales of Transfer Capability on the wesTTrans OASIS made up to the date when the Participating Member's termination becomes effective, in accordance with the revenue allocation procedures described in Section 4 of this Agreement.

In the event that one or more Participating Members terminates its participation in this Agreement, the remaining Participating Members may elect to adjust the cost allocation percentages shown in Exhibit B. If by the date that any Member's termination of its participation in this Agreement becomes effective the remaining Participating Members have not agreed to adjust the allocation percentages shown in Exhibit B, TANC shall terminate its participation in the wesTTrans OASIS in accordance with termination provisions contained in the service agreement in place between TANC and Open Access Technologies, Inc, or its successor and with the TANC OASIS Administrator.

This Agreement shall automatically continue for an indefinite term unless terminated pursuant to the above provisions.

7. AMENDMENTS

This Agreement may be amended only by the written agreement of all the parties hereto.

8. BILLING AND PAYMENT

With the exception of the service fee associated with the initiation of service with Open Access Technologies, Inc., as presented in Exhibit A, and TANC OASIS Administrator Setup and Testing/Training costs as described in the service agreement between TANC and the TANC OASIS Administrator, the accounting and billing period shall be one (1) calendar month. Monthly bills sent by the TANC OASIS Administrator to a Participating Member shall be sent by United States mail first class, postage prepaid or its equivalent, to the billing address specified in Exhibit C. The designation of any person specified in Exhibit C may be changed at any time by advance notice given to all Participating Members not then in default of any payment due hereunder, TANC, and the TANC OASIS Administrator. A copy of such billing will be sent to TANC.

Billings for amounts payable shall be due on the thirtieth (30th) day after receipt of the bill. Payment shall be made at offices designated by the party to which payment is due. If the due date falls on a non-business day of either party, then the payment shall be due on the next following business day without interest.

Amounts of monthly billings not paid on or before the due date shall be payable with an interest charge calculated from the due date to the date of payment. The interest charge shall be that charge against unpaid amounts due and owing in accordance with this Agreement assessed at an annual interest rate compounded monthly equal to the lesser of (i) two percent (2%) plus the applicable first of the month reference rate or

successor, of the Bank of America N.T. & S.A., San Francisco, California, in effect from time to time during the period over which the payment is overdue or (ii) the maximum interest rate permitted by law.

Payments for the use of TANC's available Transfer Capability shall be collected by the TANC OASIS Administrator and on a monthly basis, fully credited to the Participating Member or Participating Members making such Transfer Capability available, in accordance with the revenue allocations described in Section 4 of this Agreement and the timelines contained in the service agreement between TANC and the TANC OASIS Administrator.

9. DEFAULT

Upon the failure of any Participating Member to meet its obligations hereunder, TANC shall give written notice of the failure to such Participating Member and, if such failure has not been cured within forty-five (45) days after the date of such notice, it shall constitute a default at the expiration of such forty-five (45) day period. Upon such default, TANC may terminate this Agreement as to the defaulting Participating Member, and protect and enforce its rights hereunder by suit or suits in equity or at law, whether for the specific performance of any covenant herein or for damages or in aid of the execution of any power granted herein or any other remedy available under any provision of applicable law. The costs allocation percentages will be adjusted amongst the remaining Participating Members in accordance with the process described in Section 6 of this agreement.

10. INDEMNIFICATION

The Participating Members shall indemnify, defend, and hold harmless TANC, its commissioners, officers, agents, and employees, to the extent provided by law, and the TANC Members that do not execute this Agreement, and their respective governing bodies, officers, agents, and employees, from any liability for personal injury, death,

property damage, contractual or tort liability, regardless of the theory of recovery, to the fullest extent of the law, arising out of the negligent acts or failures to act of TANC, its commissioners, officers, agents, and employees, or of a non-participating TANC Member, its governing body, officers, agents, and employees in connection with this Agreement. Each Participating Member agrees that TANC's commissioners, officers, agents and employees shall not be liable to the Participating Members for direct, indirect or consequential loss or damage suffered by the Participating Members as a result of the performance or nonperformance by TANC or the TANC OASIS Administrator of this Agreement or any agreement with a third party associated with this Agreement. Each Participating Member releases TANC's Commissioners, officers, agents and employees from any claim or liability (whether negligent or otherwise) as a result of any actions or inactions of TANC under this Agreement or the performance or nonperformance by TANC under this Agreement.

11. SEVERABILITY

If any provision of this Agreement is finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall remain in full force and effect as though the invalid provision had not been included herein.

12. MEMBERS' OBLIGATIONS SEVERAL

The obligation of each Participating Member to make payments under this Agreement is a several obligation and not a joint obligation with those of the other Participating Members.

13. WAIVER OF DEFAULT

Any waiver at any time by any party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this

Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter.

14. WAIVER OF RIGHTS OF REFUSAL

Each Participating Member as to each other, and as to each non-participating TANC Member that delivers a duly authorized and executed waiver in the same form as this section to TANC, does hereby waive and release any and all claim of right to exercise a right of refusal under Section 7 of Project Agreement No. 3 to Transfer Capability offered as a Transmission Offer under this Agreement or, if offered by a non-participating TANC Member, on the westTrans OASIS or a similar OASIS in accordance with the then current Short and Long-Term Layoff Procedures of TANC, provided that such offer is for a period of less than twelve (12) months.

15. COUNTERPARTS

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute a single Agreement.

16. SIGNATURES

In witness whereof, the parties have caused this Project Agreement No. 5 to be executed as of the date first above written. The signatories to this Project Agreement No. 5 represent that they have been appropriately authorized to enter into this Project Agreement No. 5 on behalf of the party for whom they sign.

PARTICIPATING MEMBERS

CITY OF ALAMEDA

By: _____

Name: _____

Title: _____

Date: _____

CITY OF HEALDSBURG

By: _____

Name: _____

Title: _____

Date: _____

CITY OF LODI

By: _____

Name: _____

Title: _____

Date: _____

CITY OF LOMPOC

By: _____

Name: _____

Title: _____

Date: _____

MODESTO IRRIGATION DISTRICT

By: _____

Name: _____

Title: _____

Date: _____

CITY OF PALO ALTO

By: _____

Name: _____

Title: _____

Date: _____

CITY OF REDDING

By: _____

Name: _____

Title: _____

Date: _____

CITY OF ROSEVILLE

By: _____

Name: _____

Title: _____

Date: _____

CITY OF SANTA CLARA

By: _____

Name: _____

Title: _____

Date: _____

TURLOCK IRRIGATION DISTRICT

By: _____

Name: _____

Title: _____

Date: _____

CITY OF UKIAH

By: _____

Name: _____

Title: _____

Date: _____

PLUMAS-SIERRA RURAL ELECTRIC
COOPERATIVE

By: _____

Name: _____

Title: _____

Date: _____

TRANSMISSION AGENCY OF NORTHERN
CALIFORNIA

By: _____

Name: _____

Title: _____

Date: _____

NON-PARTICIPATING MEMBERS

SACRAMENTO MUNICIPAL UTILITY
DISTRICT

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
SCHEDULE OF SERVICE FEES FOR SERVICES RENDERED BY
OPEN ACCESS TECHNOLOGIES, INC.

COMMON WESTERN OASIS SERVICE			
Description	Service Initiation Fee ¹	Monthly Service Fee ^{2,3}	Comments
TANC as a single entity (All TANC TP's join as TANC and will be one TP on the OASIS)	\$50,000	\$5,000	Provides all functionality in accordance with the Common Western OASIS Functional Specification. Assumes all TP's register as a single NERC entity. For less than 500 OASIS requests per month. 10 User ID's and certificates total.

Price Schedule Notes:

1. Service Initiation Fee will be invoiced upon execution of Common Western OASIS Customer Agreement.
2. Minimum subscription term is 12 months.
3. Monthly Service Fee for each Provider begins at time of OASIS initialization or 30 days after completion of acceptance testing, whichever is earlier.
4. Other OATI subscribed services will continue to be provided under separate OATI Customer Agreements.
5. Any necessary, preapproved travel expenses will be invoiced to Common Western OASIS Service customers at pro-rata OATI actual cost.
6. One day of training provided at OATI Data Center in Minneapolis, MN.
7. The Monthly Service Fee reflected above is the initial monthly fee for the first 12 months of service and may change from time to time there after.

EXHIBIT B
COST ALLOCATION PERCENTAGES

TANC Member	WesTTrans OASIS Service Initiation Fee	WesTTrans OASIS Monthly Service Fee	TANC OASIS Administrator Fees
City of Alameda	1.850 %	1.850 %	1.850 %
City of Healdsburg	0.370 %	0.370 %	0.370 %
City of Lodi	2.622 %	2.622 %	2.622 %
City of Lompoc	0.255 %	0.255 %	0.255 %
City of Palo Alto	5.550 %	5.550 %	5.550 %
City of Redding	11.487 %	11.487 %	11.487 %
City of Roseville	3.184 %	3.184 %	3.184 %
City of Santa Clara	27.976 %	27.976 %	27.976 %
City of Ukiah	0.293 %	0.293 %	0.293 %
Modesto Irrigation District	29.082 %	29.082 %	29.082 %
Plumas-Sierra Rural Electric Cooperative	0.223 %	0.223 %	0.223 %
Turlock Irrigation District	17.124 %	17.124 %	17.124 %

EXHIBIT C
BILLING ADDRESSES OF THE PARTIES

City of Alameda
Alameda Power & Telecom
P.O. Box H
Alameda, CA 94501-0263

City of Roseville
2090 Hilltop Circle
Roseville, CA 95678

City of Healdsburg
c/o Northern California Power Agency
180 Cirby Way
Roseville, CA 95678

City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

City of Lodi
1331 South Ham Lane
Lodi, CA 95242-3995

Turlock Irrigation District
P. O. Box 949
Turlock, CA 95381

City of Lompoc
P.O. Box 8001
Lompoc, CA 93438

City of Ukiah
300 Seminary Avenue
Ukiah, CA 95482

Modesto Irrigation District
P. O. Box 4060
Modesto, CA 95352

Plumas-Sierra Rural Electric Coop.
73233 Hwy 70
Portola, CA 96122-2000

City of Palo Alto
P. O. Box 10250 MS3C
Palo Alto, CA 94303

Transmission Agency of Northern
California
P. O. Box 661030
Sacramento, CA 95866

City of Redding
17120 Clear Creek Road
Redding, CA 96001-5106

RESOLUTION NO. 2006-119

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY MANAGER TO EXECUTE AMENDED AND RESTATED
PROJECT AGREEMENT NO. 5 FOR CITY OF LODI
PARTICIPATION IN THE WESTTRANS OPEN ACCESS SAME
TIME INFORMATION SYSTEM THROUGH THE
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA

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NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby authorizes the City Manager to execute Amended and Restated Project Agreement No. 5 for the City of Lodi participation in the WestTrans Open Access Same Time Information System (OASIS), through the Transmission Agency of Northern California (TANC) Commission.

Dated: June 21, 2006

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I hereby certify that Resolution No. 2006-119 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 21, 2006, by the following vote:

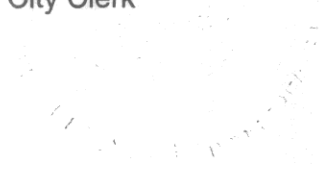
AYES: COUNCIL MEMBERS – Beckman, Hansen, Johnson, Mounce,
and Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


JENNIFER M. PERRIN
Interim City Clerk



2006-119